

Village of Rycroft
Financial Statements
December 31, 2022

Village of Rycroft

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Village of Rycroft

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Rycroft (the "Organization") is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the Organization's financial position as at December 31, 2022 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirement on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Organization Council carries out its responsibilities for review of the financial statements principally through its meeting with management. This Council meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Council with and without the presence of management. The Organization Council has approved the financial statements.

The financial statements have been audited by Doyle & Company, Chartered Professional Accountants, independent external auditors appointed by the Organization. The accompanying independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Organization's financial statements.

Peter Thomas

Chief Administrative Officer

Edward Cheung, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
Jason Bondarevich, CPA, CA*
*Operates as a Professional Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council

Opinion

We have audited the financial statements of the **Village of Rycroft (the "Organization")**, which comprise the statement of financial position as at December 31, 2022, and the results of its operations, changes in its net financial assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

INDEPENDENT AUDITOR'S REPORT - continued

Auditor's Responsibility for the Audit of the Financial Statements - continued

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

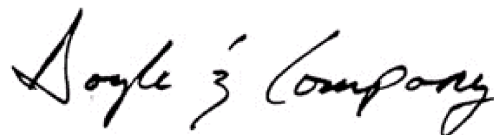
- Debt Limit Regulation:

In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in Note 9.

- Supplementary Accounting Principles and Standards Regulation:

In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 13.

April 18, 2023
11210 - 107 Avenue NW
Edmonton, Alberta T5H 0Y1



Chartered Professional Accountants

Village of Rycroft
Statement of Financial Position
As at December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	3,803,552	2,692,340
Receivables		
Taxes and grants in place of taxes (Note 4)	859,688	788,359
Trade and other receivables (Note 4)	244,638	902,341
Investments (Note 5)	11,519	11,519
	4,919,397	4,394,559
LIABILITIES		
Accounts payable and accrued liabilities	93,323	53,705
Deposit liabilities	-	50
Deferred revenue (Note 6)	809,421	1,080,692
Employee benefit obligations (Note 7)	-	624
Long-term debt (Note 8)	1,101,347	1,173,428
	2,004,091	2,308,499
NET FINANCIAL ASSETS	2,915,306	2,086,060
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	11,719,755	11,905,875
ACCUMULATED OPERATING SURPLUS (Schedule 1, Note 11)	14,635,061	13,991,935

Contingencies - Note 16

Village of Rycroft
Statement of Operations
For the year ended December 31, 2022

	2022 Budget (Unaudited) \$	2022 Actual \$	2021 Actual \$
REVENUE			
Net municipal taxes (Schedule 3)	934,971	937,468	941,812
User fees and sales of goods	692,519	713,572	737,502
Government transfers for operating (Schedule 4)	534,973	534,573	557,548
Investment income	22,750	97,109	23,503
Penalties and costs of taxes	54,000	96,104	87,899
Other revenue	60,500	66,361	66,348
Total Revenue	2,299,713	2,445,187	2,414,612
EXPENSES			
General Government			
Council and other legislative	91,200	74,424	63,477
General administration	440,078	449,344	437,696
Protective Services			
Bylaw enforcement	21,000	13,436	18,027
Emergency services	20,000	14,991	8,593
Fire	116,389	113,664	110,432
Policing	16,747	16,747	11,158
Transportation			
Roads, streets, walks, lighting	699,569	673,058	556,854
Public Health and Welfare			
Family and community support	5,936	5,173	4,952
Recreation and Culture			
Culture, library, and halls	54,494	53,329	73,612
Parks and recreation	123,076	67,929	81,653
Environmental Use and Protection			
Water supply and distribution	594,293	535,845	638,536
Wastewater treatment and disposal	134,765	154,393	141,946
Waste management	67,690	52,767	67,641
Total Expenses	2,385,237	2,225,100	2,214,577
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(85,524)	220,087	200,035
OTHER			
Government transfers for capital (Schedule 4)	-	423,039	1,054,945
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	(85,524)	643,126	1,254,980
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR		13,991,935	12,736,955
ACCUMULATED OPERATING SURPLUS, END OF YEAR		14,635,061	13,991,935

The accompanying notes form part of these financial statements

Village of Rycroft
Statement of Change in Net Financial Assets
For the year ended December 31, 2022

	2022 Budget (Unaudited) \$	2022 Actual \$	2021 Actual \$
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	(85,524)	643,126	1,254,980
Acquisition of tangible capital assets	(430,570)	(320,433)	(1,100,456)
Proceeds on disposal of tangible capital assets	-	-	7,035
Amortization of tangible capital assets	-	506,553	511,264
(Gain) loss on disposal of tangible capital assets	-	-	(6,102)
	(430,570)	186,120	(588,259)
INCREASE (DECREASE) IN NET ASSETS	(516,094)	829,246	666,721
NET FINANCIAL ASSETS , BEGINNING OF YEAR	-	2,086,060	1,419,339
NET FINANCIAL ASSETS, END OF YEAR	-	2,915,306	2,086,060

The accompanying notes form part of these financial statements

Village of Rycroft
Statement of Cash Flows
For the year ended December 31, 2022

	2022	2021
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	643,126	1,254,980
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	506,553	511,264
(Gain) loss on disposal of tangible capital assets.	-	(6,102)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	(71,329)	154,425
Decrease (increase) in trade and other receivables	657,703	(344,589)
Increase (decrease) in accounts payable and accrued liabilities	39,618	(79,213)
Increase (decrease) in deposit liabilities	(50)	-
Increase (decrease) in deferred revenues	(271,271)	124,738
Increase (decrease) in employee benefit obligations	(624)	-
Cash provided by operating transactions	1,503,726	1,615,503
CAPITAL		
Acquisition of tangible capital assets	(320,433)	(1,100,456)
Sale of tangible capital assets	-	7,035
Cash applied to capital transactions	(320,433)	(1,093,421)
FINANCING		
Obligation under capital lease repaid	-	(15,959)
Long-term debt repaid	(72,081)	(69,850)
Cash provided by (applied to) financing transactions	(72,081)	(85,809)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	1,111,212	436,273
CASH AND CASH EQUIVALENTS , BEGINNING OF YEAR	2,692,340	2,256,067
CASH AND CASH EQUIVALENTS, END OF YEAR	3,803,552	2,692,340

The accompanying notes form part of these financial statements

Village of Rycroft

Schedule of Changes in Accumulated Operating Surplus - Schedule 1

For the year ended December 31, 2022

	Unrestricted Surplus	Internally Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
	\$	\$	\$	\$	\$
Balance, Beginning of Year	1,141,779	2,117,709	10,732,447	13,991,935	12,736,955
Excess of revenues over expenses	643,126	-	-	643,126	1,254,980
Unrestricted funds designated for future use	(1,578,613)	1,578,613	-	-	-
Current year funds used for tangible capital assets	(320,433)	-	320,433	-	-
Annual amortization expenses	506,553	-	(506,553)	-	-
Long-term debts repaid	(72,081)	-	72,081	-	-
Change in accumulated surplus	(821,448)	1,578,613	(114,039)	643,126	1,254,980
Balance, End of Year	320,331	3,696,322	10,618,408	14,635,061	13,991,935

The accompanying notes form part of these financial statements

Village of Rycroft
Schedule of Tangible Capital Assets - Schedule 2
For the year ended December 31, 2022

	Land	Land	Buildings	Engineered	Machinery &	Vehicles	2022	2021
		Improvements		Structures	Equipment			
		\$		\$	\$	\$	\$	\$
COST:								
Balance, Beginning of Year	294,203	1,826,828	6,632,647	13,705,510	593,755	300,822	23,353,765	22,259,512
Acquisition of tangible capital assets	-	-	16,750	247,009	56,674	-	320,433	1,100,456
Disposal of tangible capital assets	-	-	-	-	-	-	-	(6,203)
Balance, End of Year	294,203	1,826,828	6,649,397	13,952,519	650,429	300,822	23,674,198	23,353,765
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	1,425,871	4,475,928	5,000,609	316,121	229,361	11,447,890	10,941,896
Annual amortization	-	109,716	119,096	212,040	41,193	24,508	506,553	511,264
Accumulated amortization on disposals	-	-	-	-	-	-	-	(5,270)
Balance, End of Year	-	1,535,587	4,595,024	5,212,649	357,314	253,869	11,954,443	11,447,890
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	294,203	291,241	2,054,373	8,739,870	293,115	46,953	11,719,755	11,905,875
 2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	 294,203	 400,957	 2,156,719	 8,704,901	 277,634	 71,461	 11,905,875	

The accompanying notes form part of these financial statements

Village of Rycroft
Schedule of Property and Other Taxes - Schedule 3
For the year ended December 31, 2022

	2022 Budget (Unaudited) \$	2022 Actual \$	2021 Actual \$
TAXATION			
Real property taxes	1,125,092	1,127,483	1,126,067
Designated Industrial property tax	110	105	101
	1,125,202	1,127,588	1,126,168
REQUISITIONS			
Alberta School Foundation Fund	187,365	187,365	181,653
Designated Industrial property tax	110	-	-
Grande Spirit Foundation	2,756	2,755	2,703
	190,231	190,120	184,356
NET MUNICIPAL TAXES	934,971	937,468	941,812

Village of Rycroft
Schedule of Government Transfers - Schedule 4
For the year ended December 31, 2022

	2022 Budget (Unaudited) \$	2022 Actual \$	2021 Actual \$
TRANSFERS FOR OPERATING:			
Federal Government	2,000	2,100	12,665
Provincial Government	32,473	32,473	40,862
Local Government	500,500	500,000	504,021
	534,973	534,573	557,548
TRANSFERS FOR CAPITAL:			
Provincial Government	-	423,039	1,054,945
TOTAL GOVERNMENT TRANSFERS	534,973	957,612	1,612,493

Village of Rycroft
Schedule of Expenses by Object - Schedule 5
For the year ended December 31, 2022

	2022 Budget (Unaudited) \$	2022 Actual \$	2021 Actual \$
EXPENSES BY OBJECT			
Salaries, wages and benefits	604,387	609,401	596,245
Contracted and general services	739,078	677,850	630,586
Materials, goods, and utilities	365,719	339,858	357,232
Provision for allowance	-	5,712	31,257
Transfers to local boards and agencies	99,986	46,186	47,467
Bank charges and short-term interest	1,800	3,159	1,914
Interest on long-term debt	36,381	36,381	38,612
Amortization of tangible capital assets	537,886	506,553	511,264
	2,385,237	2,225,100	2,214,577

Village of Rycroft
Schedule of Segmented Disclosure - Schedule 6
For the year ended December 31, 2022

	General Government \$	Protective Services \$	Transportation Services \$	Other \$	Recreation & Culture \$	Environmental Services \$	2022 \$
REVENUE							
Net municipal taxes	937,468	-	-	-	-	-	937,468
Government transfers	957,612	-	-	-	-	-	957,612
User fees and sales of goods	177,171	-	975	3,000	11,115	521,311	713,572
Investment income	97,109	-	-	-	-	-	97,109
Other revenue	60,654	35,205	-	245	-	66,361	162,465
	2,230,014	35,205	975	3,245	11,115	587,672	2,868,226
EXPENSES							
Contracted and general services	125,297	135,174	112,000	-	40,773	309,858	723,102
Salaries, wages and benefits	333,937	-	244,923	-	1,491	29,050	609,401
Materials, goods and utilities	37,903	8,674	140,498	-	23,662	129,121	339,858
Provision for allowance	-	-	-	-	-	-	-
Transfers to local boards and agencies	25,426	8,760	-	-	12,000	-	46,186
	522,563	152,608	497,421	-	77,926	468,029	1,718,547
NET REVENUE (SHORTFALL)							
BEFORE AMORTIZATION	1,707,451	(117,403)	(496,446)	3,245	(66,811)	119,643	1,149,679
Amortization	(12,609)	-	(175,637)	-	(43,332)	(274,975)	(506,553)
NET REVENUE (SHORTFALL)	1,694,842	(117,403)	(672,083)	3,245	(110,143)	(155,332)	643,126

The accompanying notes form part of these financial statements

Village of Rycroft

Notes to the Financial Statements

December 31, 2022

DESCRIPTION OF OPERATIONS

The Village of Rycroft is a local government authority providing municipal services. The Village of Rycroft is empowered through bylaws and policies approved by Council and pursuant to the Municipal Government Act.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Rycroft are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village of Rycroft are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and changes in financial position of the reporting entity.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed or goods have yet to be provided. Revenue is recognized in the period when the related expenses are incurred, services performed/goods provided or the tangible assets are acquired.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Valuation of Financial Assets and Liabilities

The Village's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash and temporary investments	Cost and amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term liabilities	Amortized cost

Village of Rycroft
Notes to the Financial Statements
December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(e) Cash and Temporary Investments

Cash and temporary investments consists of bank deposits and savings accounts with a term of three (3) months or less.

(f) Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments.

When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(g) Long-Term Debt

Long-term debt is initially recognized net of any premiums, discounts, fees and transaction costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

(h) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property taxed levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(i) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

(j) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the Village of Rycroft is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(k) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Village of Rycroft
Notes to the Financial Statements
December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(k) Revenue Recognition - continued

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payer. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

(l) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(m) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land Improvements	15-25
Buildings	25-50
Engineered structures	5-75
Machinery and equipment	3-20
Vehicles	10-25

One-half of the annual amortization is charged in the year of acquisition and not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value when the amount can reasonably be determined and would have been purchased by the Village of Rycroft, if not contributed, at the date of receipt and also are recorded as revenue.

iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Village of Rycroft
Notes to the Financial Statements
December 31, 2022

2. MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian Accounting Standards for Public Sector Accounting Board requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of the tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

3. CASH AND TEMPORARY INVESTMENTS

	2022	2021
	\$	\$
Bank account - operating	12,971	558,450
Temporary Investments	3,790,581	2,133,890
	3,803,552	2,692,340

The operating bank account earns interest at different rates depending on the balance in the account. At year end the balance in the account earned interest at 4.55%.

Temporary investments are deposits in a notice on amount 31 days with interest at 4.85%

Included in temporary investments is a restricted amount of \$695,552 (2021 - \$508,851) received from the Municipal Sustainability Initiative Capital and \$ Nil (2021 - \$5,468) received from the Gas Tax Fund held for approved projects (Note 6).

Council has designated cash and temporary investments for the funding of restricted reserves, including operating \$612,144 (2021 - \$599,531) and capital \$2,495,856 (2021 - \$1,518,178), totaling \$3,108,000 (2021 - \$2,117,709).

Village of Rycroft
Notes to the Financial Statements
December 31, 2022

4. RECEIVABLES

	2022	2021
	\$	\$
i) Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	138,483	94,701
Arrears taxes	722,505	694,958
	860,988	789,659
Less: Allowance for uncollectible arrears	(1,300)	(1,300)
	859,688	788,359

In the balance of \$860,988 (2021 - \$789,659) of taxes receivable above, the Village of Rycroft owned properties at the end of the year which owed \$683,776 (2021 - \$673,678) in current and arrears taxes. Of the \$683,776 arrears taxes, \$52,162 is from properties related to the Northwoods Subdivision and \$587,891 is from properties related to the Crossroads Subdivision.

The Village is in the process of trying to sell these tax sale properties during the year.

ii) Trade and other receivables

Goods and services tax receivable	36,853	60,684
Government receivable	151,768	770,512
Trade and other receivables	56,017	71,145
	244,638	902,341

The Government receivable is comprised of Municipal Sustainability Initiative - Capital \$101,768 (2021 - \$564,923), Alberta Emergency Management Agency \$Nil (2021 - \$205,589), and Federal Gas Tax Fund \$50,000 (2021 - \$Nil).

5. INVESTMENTS

	2022	2021
	\$	\$
Alberta Municipal Financing Corporation Shares - at cost	10	10
Municipal partnership - Central Peace Clinic - at cost	11,509	11,509
	11,519	11,519

Village of Rycroft
Notes to the Financial Statements
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6. DEFERRED REVENUE

	2022	2021
	\$	\$
Licences	1,450	1,450
Federal Gas Tax Fund (FGTF)	10,651	5,468
Municipal Sustainability Initiative (MSI) - Capital	797,320	1,073,774
	809,421	1,080,692

Municipal Sustainability Initiative (MSI)

Funding in the amount of \$134,241 was received in the current year from the Municipal Sustainability Initiative. Of the \$134,241 received, \$101,768 was from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement. The remaining \$32,473 is from the operating component of the program and is restricted to eligible operating projects, as approved under the funding agreement.

Unexpected funds related to the advance are supported by cash and temporary investments held exclusively for these projects. (refer to Note 3)

7. EMPLOYEE BENEFIT OBLIGATIONS

	2022	2021
	\$	\$
Vacation and overtime	-	624
	-	624

Vacation and overtime: The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

Village of Rycroft
Notes to the Financial Statements
December 31, 2022

8. LONG-TERM DEBT

	2022	2021
	\$	\$
Alberta Capital Finance Authority - 4001615	328,624	352,554
Alberta Capital Finance Authority - 4002298	772,723	820,874
	1,101,347	1,173,428
Less: current portion	74,385	72,081
Long-term portion	1,026,962	1,101,347

The current portion of long-term debt amounts to \$74,385 (2021 - \$72,081).

Principal and interest repayments score as follows:

	Principal	Interest	Total
	\$	\$	\$
2023	74,385	34,078	108,463
2024	76,763	31,700	108,463
2025	79,218	29,246	108,464
2026	81,751	26,712	108,463
2027	84,367	24,096	108,463
Thereafter	704,863	89,859	794,722
	1,101,347	235,691	1,337,038

The debenture 4001615 is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 3.623% per annum and matures December 16, 2033 repayable over a 20 year period in semi-annual installments of \$18,244 (starting June 16, 2014). This loan was for Refinancing Debenture Bylaw 144-13.

Debenture debt is issued on the credit and security of the Village at large.

The debenture 4002298 is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 2.945 % and matures September 15, 2035, repayable over a 18 year period in semi-annual installments of \$35,987.07 (starting March 15, 2018). This loan was for Pavement Project 2017/2018, Borrowing Bylaw 188-17.

Debenture debt is issued on the credit and security of the Village at large.

Interest on long-term debt amounted to \$36,381 (2021 - \$38,612)

Village of Rycroft
Notes to the Financial Statements
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9. DEBT LIMITS AND DEBT SERVICING LIMIT

Section 276(2) of the Municipal Government Act requires that total debt limit as defined by Alberta Regulation 255/2000 for the Village of Rycroft be disclosed as follow:

	2022	2021
	\$	\$
Total Debt Limit	3,667,781	3,621,918
Total Debt (See details below)	1,101,347	1,173,428
Amount of debt limit unused	2,566,434	2,448,490
Debt Service Limit	611,297	603,653
Debt Service	72,081	72,083
Amount of debt servicing limit unused	539,216	531,570
Details of Total Debt:		
Alberta Capital Finance Authority	1,101,347	1,173,428
	1,101,347	1,173,428

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purposes of capital property (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

Total debt includes long-term debt less debt charges recoverable. Debt servicing includes principle and interest payments due on long-term debt in the 12 months subsequent to year-end less amounts that are recoverable.

Village of Rycroft
Notes to the Financial Statements
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10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2022	2021
	\$	\$
Tangible capital assets (Schedule 2)	23,674,198	23,353,765
Accumulated amortization (Schedule 2)	(11,954,443)	(11,447,890)
Long-term liabilities (Note 8)	(1,101,347)	(1,173,428)
	10,618,408	10,732,447

11. ACCUMULATED OPERATING SURPLUS

Accumulated surplus consists of internally restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2022	2021
	\$	\$
Unrestricted surplus	320,331	1,141,779
Internally Restricted surplus		
Operating reserves		
Operating fund	612,144	599,531
Capital reserves		
Administration building	52,983	12,983
Administration equipment	52,883	12,883
Fire equipment replacement	62,883	12,883
Public works building and equipment	381,527	236,527
Road project	1,396,592	246,592
Water	418,164	347,164
Sewer	119,197	294,197
Parks and recreation	50,870	10,870
Recreation building	140,650	100,650
Arena	190,911	140,911
General municipal capital	217,518	102,518
Equity in Tangible Capital Assets (Note 10)	10,618,408	10,732,447
	14,635,061	13,991,935

12. SEGMENTED DISCLOSURE

The Village of Rycroft provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

Village of Rycroft
Notes to the Financial Statements
December 31, 2022

12. SEGMENTED DISCLOSURE - continued

General government includes council and other legislative, and general administration. Protective services includes ambulance and emergency services, bylaw enforcement, fire, and police. Transportation includes roads, streets, walks and lighting. Recreation and culture includes parks and recreation, libraries, and halls. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management. Other includes: Planning and development which includes land use planning, zoning and subdivision land and development. Public health and welfare includes family and community support.

13. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2022			2021	
	Months	Salary (1) \$	Benefits & Allowances (2) \$	Total \$	
Mayor:					
James Verquin	12	4,640	97	4,737	3,880
Councilors:					
Diahann Potrebenko	-	-	-	-	3,236
Dwayne Kotyk	12	3,120	36	3,156	3,460
Roxann Dreger	12	8,185	1,054	9,239	7,197
Joanne Chelick	12	9,110	1,651	10,761	9,745
Brian Markovich	12	4,830	193	5,023	1,499
Chief Administrator Officer:					
Peter Thomas	12	133,486	23,464	156,950	154,972
Designated Officers (Contract Services)					
Assessor	-	14,818	-	14,818	13,383
Bylaw officer	-	12,961	-	12,961	7,874

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Consists of employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

Village of Rycroft
Notes to the Financial Statements
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14. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Section Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

	2022	2021
	\$	\$
Current service contributions by Employer	41,197	42,755
Current service contributions by Employee	36,797	38,635
	77,994	81,390

The Village is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2022 were \$41,197 (2021 - \$42,755). Total current service contributions by the employees of the Village to the LAPP in 2022 were \$36,797 (2021 - \$38,635).

At December 31, 2021, the LAPP disclosed an actuarial surplus of 11.922 billion. The 2022 actuarial surplus was not available prior to issuing these financial statements.

For further information on the amount of LAPP deficiency/surplus information see:
www.lapp.ca/page/annual-reports

15. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk is the risk that one party to a financial asset will cause a financial loss to the other party by failing to discharge an obligation. The Village of Rycroft's main credit risk relates to its tax receivables and trade and other receivable. Credit is provided to tax payers and other clients in the normal course of operations and the accounts receivables are assessed by the Village of Rycroft and they record any amounts that are not collectible in the allowance for doubtful accounts.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate. The bank account and investments of the Village of Rycroft are subject to interest rate risk because changing interest rates impact the amount of interest earned and the cash flow.

Liquidity Risk

Liquidity risk is the risk that the Village of Rycroft will encounter difficulty in meeting its obligations associated with financial liabilities. The Village of Rycroft is exposed to this risk mainly through its accounts payable and accrued liabilities, long-term debt, and obligation under capital lease. The Village of Rycroft manages its liquidity risk by monitoring its operating cash flow requirements to ensure it has sufficient funds to meet its financial obligations.

Village of Rycroft
Notes to the Financial Statements
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16. CONTINGENCIES

The Village is a member of the Rural Municipalities Association and Counties-Jubilee Reciprocal Insurance Exchange. Under the terms of the membership, the Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

17. BUDGETED FIGURES

Budget figures are included in the financial statements for information purposes and are unaudited. The budget was approved by Council.

18. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.